

**NKT**

# London Roadshow - Nordea

March 2016

# Forward looking statements

This presentation and related comments contain forward-looking statements

Such statements are subject to many uncertainties and risks, as various factors of which several are beyond NKT Group's control, may cause that the actual development and results differ materially from the expectations



# Agenda

## Introduction to NKT

Highlights 2015

Business units


- Nilfisk
- NKT Cables
- NKT Photonics

Outlook 2016

Questions & Answers

# Group of industrial businesses...

## NKT Holding A/S

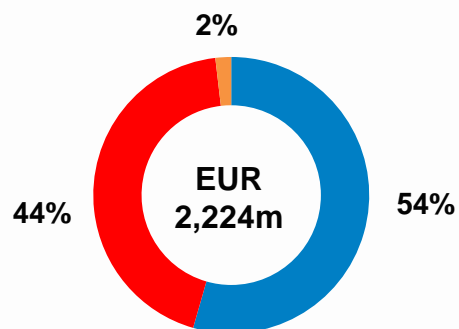
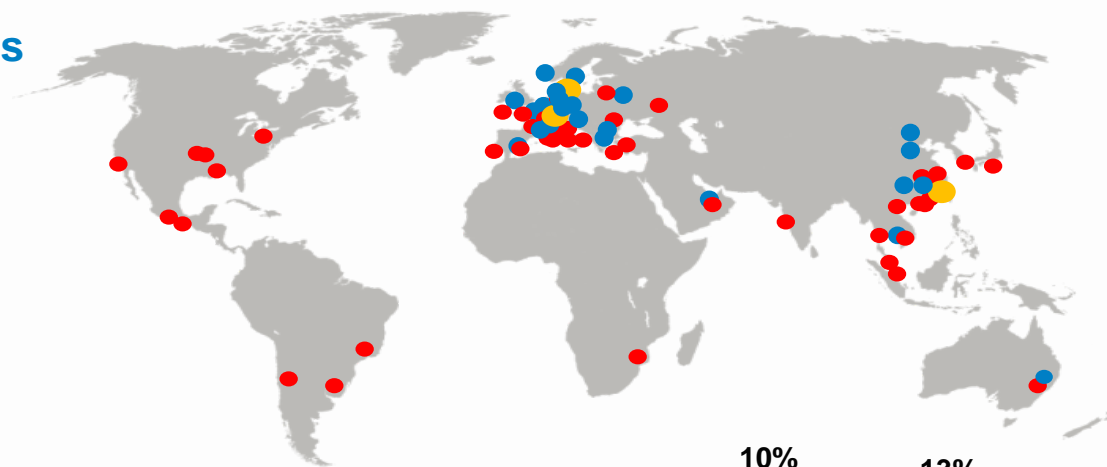
Business area	Key Products		Geographic coverage	Revenue	Employees
<b>NKT Cables</b>	<ul style="list-style-type: none"> <li>• Low &amp; medium voltage</li> <li>• High voltage cables</li> <li>• Submarine cables</li> <li>• Railway wires</li> </ul>		North, Central and Eastern Europe, China, Australia	EUR 1,212m (54%)	3,208
<b>Nilfisk</b>	<ul style="list-style-type: none"> <li>• Floor care machines</li> <li>• Vacuum cleaners</li> <li>• High-pressure washers</li> </ul>		Global presence	EUR 972m (44%)	5,545
<b>NKT Photonics</b>	<ul style="list-style-type: none"> <li>• Fiber lasers</li> <li>• Optical fibers</li> </ul>		Europe, North America, Asia	EUR 41m (2%)	174
<b>Total</b>				EUR 2,224m	8,950

FY 2015 data. Revenue in market prices. Employees at year end. Total employees include ~11 employees in NKT Holding (IR, Legal etc.)

# ... with a strong European position

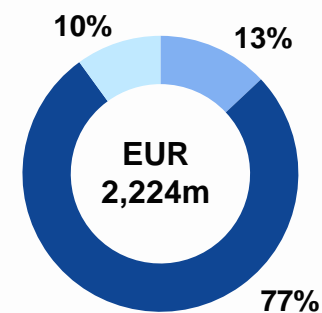
## Sales and manufacturing facilities

- Nilfisk
- NKT Cables
- NKT Photonics



### Sales by business unit

- Nilfisk
- NKT Cables
- NKT Photonics

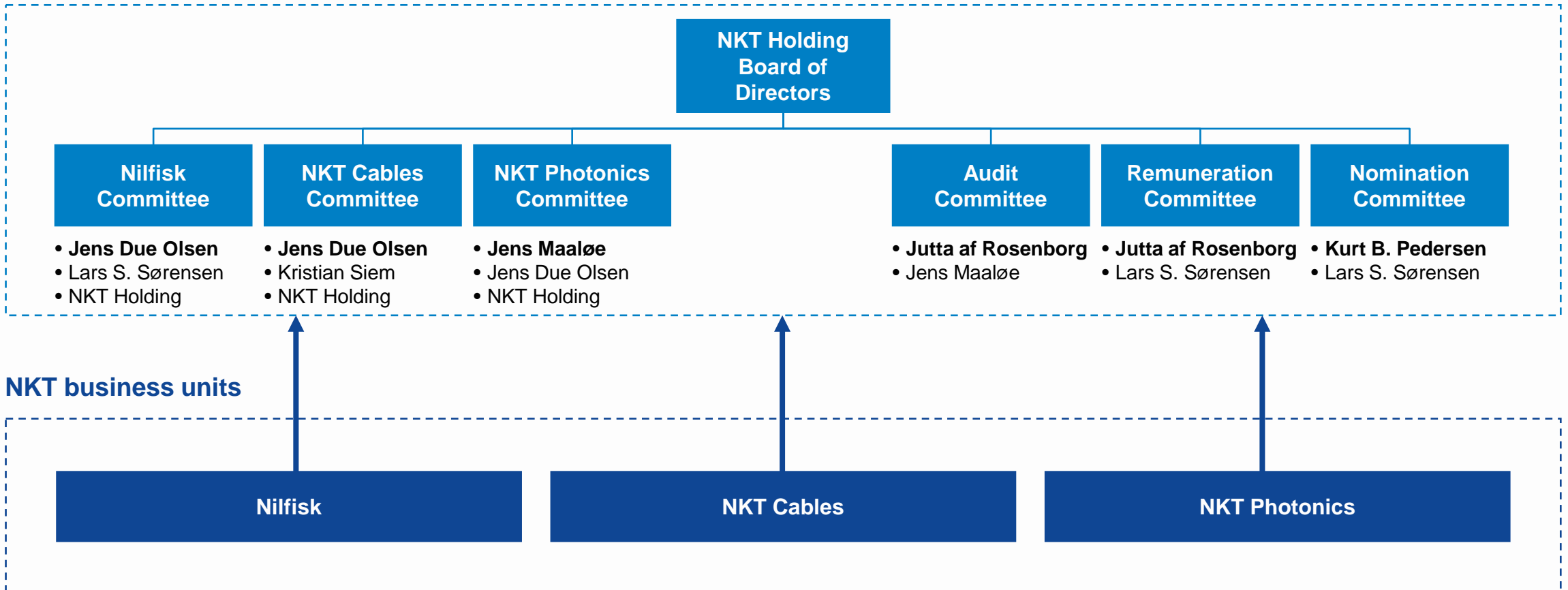


### Sales by geography

- EMEA
- Americas
- APAC

# Unique governance model with hands-on involvement by the Board of Directors

## NKT Holding Board committees



Note: Committee chair in bold

# Clear strategic themes defined for each business

## Strategic themes

## ROCE 2013-15

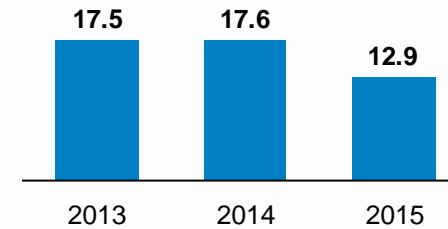
## Long-term target



### Accelerate

*Growing our company to lead the industry*

- Front-end investments
- Commercial Excellence
- Consolidation through M&A

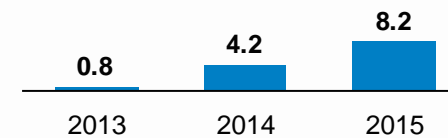


**18-19%\***



### excellence<sup>2020</sup>

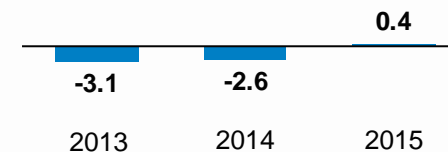
- Focus on profitable markets & customers
- Functional excellence & organisation



**>15%**



- Execution on core business strategy
- System offerings
- Commercialisation



**20%**

Note: NKT Group's ROCE has been for the years 2013-15: 6.7%, 9.4%, and 10.1% respectively

\* Includes 1-2% margin dilution due to short-term effects of acquisitions

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# Highlights 2015



## Performance in line with expectations

- Organic growth as expected (3%)
- Operational EBITDA margin in line with expectations (9.4%)
- RoCE improved by 0.7% (to 10.1%)
- NIBD decreased securing strong financial position to further develop businesses
- Proposed dividend per share of DKK 4
- Initiation of share buyback of EUR 74m



## Financial results below expectations

- Flat organic growth
- Oper. EBITDA margin decreased (from 11.7% to 10.1%) due to delayed impact from sales investments and delivery issues
- Accelerate business strategy launched
- Commercial Excellence now covering 10 countries and 60% of total revenue
- Five acquisitions completed



## Transformation and profitability improvement continue

- Organic growth (4%) driven by Projects and Products
- Oper. EBITDA margin increased (from 8.0% to 9.0%) due to DRIVE and Products
- DRIVE annual savings target reached one year ahead of schedule (EUR 60m)
- Launch of EXCELLENCE 2020 strategy
- Satisfactory backlog for high-voltage offshore



## Satisfactory growth and profitability improvements

- Launch of business strategy focusing on growth and commercialisation
- NKT Photonics - one management entity to leverage on synergies
- Good organic growth (9%) and oper. EBITDA margin increased (from 7.2% to 9.6%)
- Key contracts signed with industrial customers



# 2015 financial performance in line with expectations

Planning assumptions

2015	Original	Update Q2	Update Q3	Realised	
<b>NKT</b>					
- Organic growth	Up to 3%	~3%	~3%	3%	✓
- Operational EBITDA, %*	Increase of ~1.0%-point (from 9.6%)	Increase of ~0.5%-point (from 9.6%)	9.2% EUR 174.5m	9.4% EUR 175.2m	
<b>Nilfisk</b>					
- Organic growth	~5%	~0%	~0%	0%	
- Operational EBITDA, %	~11.7%	~Reduction of ~1.0%-point (from 11.7%)	~10%	10.1%	
<b>NKT Cables</b>					
- Organic growth	~0%	~5%	~5%	4%	✓
- Operational EBITDA, %*	8.5% – 9.0%	~9.0%	~9.0%	9.0%	✓
<b>NKT Photonics</b>					
- Organic growth	10 - 20%	~10%	~10%	9%	✓
- Operational EBITDA, %	8 – 10%	8-10%	8-10%	9.6%	✓

\* std. metal prices

# Financial highlights

**Q4 Revenue** EUR 541.1m (Q4 2014: EUR 540.3m)

**2015 Revenue** EUR 2,223.6m (2014: EUR 2,129.4m)

Organic growth	Q4 2015	2015
<b>NKT</b>	<b>1%</b>	<b>3%</b>
Nilfisk	-2%	0%
NKT Cables	2%	4%
NKT Photonics	22%	9%

**Q4 Operational EBITDA** EUR 41.2m, 8.8% (std. metal prices)  
(Q4 2014: EUR 56.5m, 12.4%)

**2015 Operational EBITDA** EUR 175.2m, 9.4% (std. metal prices)  
(2014: EUR 170.5m, 9.6%)

**One-off costs impacting EBITDA** EUR 23.2m, all from  
DRIVE programme (2014: EUR 27.9m)

**Impairment** APAC EUR 48.6m incl. tax and divestment of Fiber  
Processing EUR 2.6m, adjusted in operational EBIT

**Profit after tax** EUR 1.2m (2014: EUR 37.9m)

**Working capital** amounted to EUR 269.2m and ratio at 15.9%  
(2014: EUR 300.6m and 18.1%)

**Cash flow from operating activities** EUR 173.2m  
(2014: EUR 212.4m)

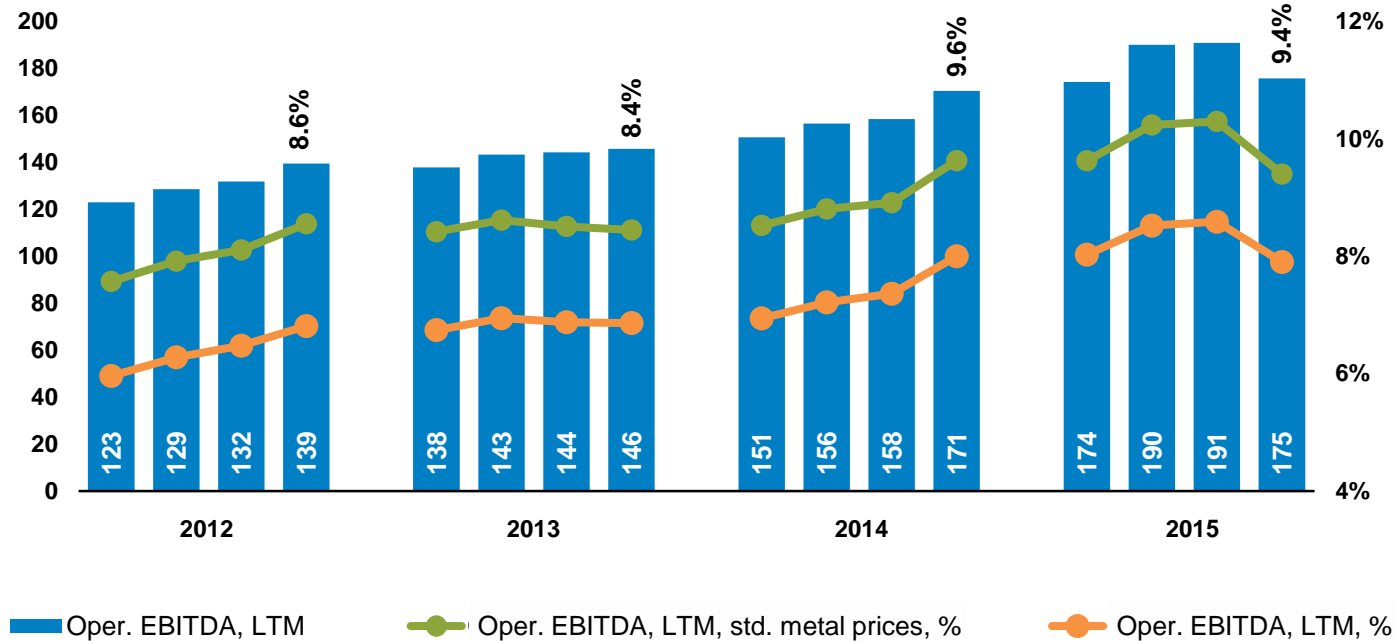
**Free cash flow** EUR 85.3m (2014: EUR162.7m) impacted by  
working capital decrease (EUR 31.4m) and acquisitions  
(EUR -29.1m)

**Net interest-bearing debt** amounted to EUR 88.9m  
(2014: EUR 152.4m)

# Operational EBITDA increased by 3% to EUR 175m

## Operational EBITDA, LTM

EURm



Oper. EBITDA, LTM, of  
EUR 175m (2014: EUR 171m)

Oper. EBITDA margin, LTM,  
9.4% (2014: 9.6%)

# Changes 2015 vs. 2014

EURm	2015	2014	Change
<b>Revenue</b>	<b>2,223.6</b>	<b>2,129.4</b>	<b>94.2 *01</b>
<i>Revenue, std. metal prices</i>	1,869.2	1,769.2	100.0
<b>Operational EBITDA</b>	<b>175.2</b>	<b>170.5</b>	<b>4.7 *02</b>
One-offs	23.2	27.9	-4.7
<b>EBITDA</b>	<b>152.0</b>	<b>142.6</b>	<b>9.4</b>
Depreciation/Amortisation	-76.9	-72.1	-4.8
Impairment	-40.9	-2.7	-38.2 *03
<b>EBIT</b>	<b>34.2</b>	<b>67.8</b>	<b>-33.6</b>
Financial items, net	-6.1	-13.1	7.0
<b>EBT</b>	<b>28.1</b>	<b>54.7</b>	<b>-26.6</b>
Tax	-26.9	-16.8	-10.1
<b>Profit</b>	<b>1.2</b>	<b>37.9</b>	<b>-36.7</b>
<i>Oper. EBITDA margin, std. metal prices</i>	9.4%	9.6%	
Capex	70.1	61.1	9.0
Working capital	269.2	300.6	-31.4
NIBD	88.9	152.4	-63.5

## 01

	EURm
<b>Revenue increased by</b>	<b>94.2</b>
Metal prices	-5.8
FX changes	54.3
Acquisitions	4.6
3% organic growth	41.1
- Nilfisk	0%
- NKT Cables	4%
- NKT Photonics	9%

## 02

	EURm
<b>Operational EBITDA increased by</b>	<b>4.7</b>
Nilfisk - Margin 10.1% (2014: 11.7%)	-9.5
NKT Cables - Margin 9.0% (2014: 8.0%)	12.0
NKT Photonics	2.2

## 03

	EURm
<b>Impairment</b>	<b>-40.9</b>
Nilfisk	-0.5
NKT Cables	-37.8
NKT Photonics	-2.6

## Strong free cash flow driven by working capital change

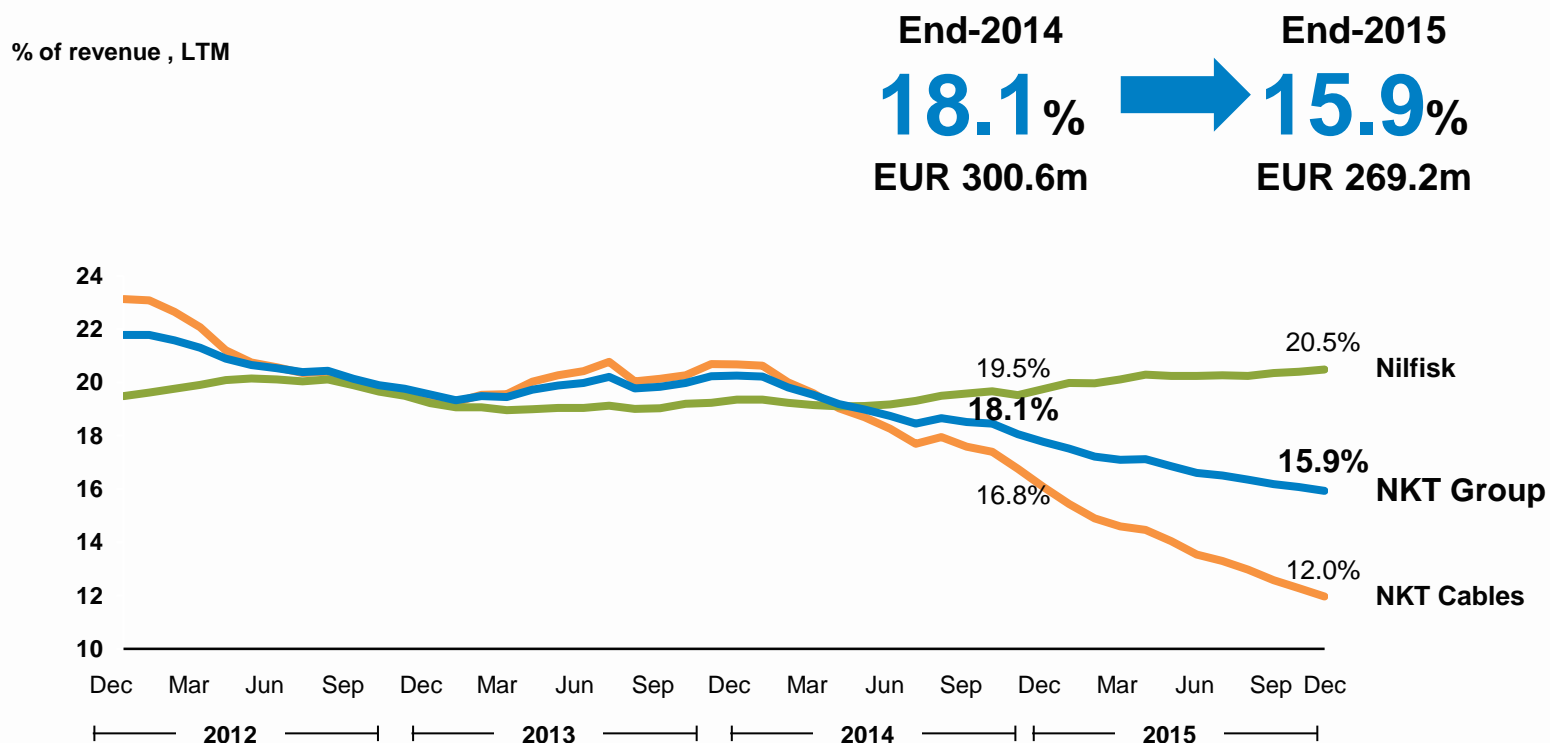
EURm	Q4 2015	Q4 2014	FY 2015	FY 2014
Earnings, EBITDA	32.5	42.6	152.0	142.6
Financial items, net	-2.0	-3.1	-6.1	-13.1
Change in working capital	85.3	108.8	31.4	76.8
Other	3.6	5.5	-4.1	6.1
<b>Cash flow from operating activities</b>	<b>119.4</b>	<b>153.8</b>	<b>173.2</b>	<b>212.4</b>
Acquisition of business activities	-11.6	-3.0	-29.1	-6.0
Divestment of business activities	1.5	2.4	6.0	16.9
Acq. of property, plant and equipment, net	-16.6	-8.3	-35.1	-31.1
Other investments, net	-8.5	-8.3	-29.7	-29.5
<b>Cash flow from investing activities</b>	<b>-35.2</b>	<b>-17.2</b>	<b>-87.9</b>	<b>-49.7</b>
<b>Free cash flow</b>	<b>84.2</b>	<b>136.6</b>	<b>85.3</b>	<b>162.7</b>
Change in long- and short term loans	-64.6	-128.2	-79.3	-156.0
Dividend paid			-13.0	-11.2
Cash from exercise of share-based options etc			11.3	0.1
<b>Cash flow from financing activities</b>	<b>-64.6</b>	<b>-128.2</b>	<b>-81.0</b>	<b>-167.1</b>
<b>Net cash flow</b>	<b>19.6</b>	<b>8.4</b>	<b>4.3</b>	<b>-4.4</b>

**Operating cash flow of EUR 173m** driven by increase in earnings and change in working capital EUR 31m (2014: EUR 77m)

**Free cash flow of EUR 85m** impacted by Nilfisk acquisitions

# Working capital improvement continues and reaches new low level

## Working capital development



**NKT Group working capital ratio improved to 15.9% (End-2014: 18.1%)**

**NKT Cables working capital ratio lowered to 12.0% (End-2014: 16.8%)**

**Nilfisk working capital ratio increased to 20.5% (End-2014: 19.5%)**

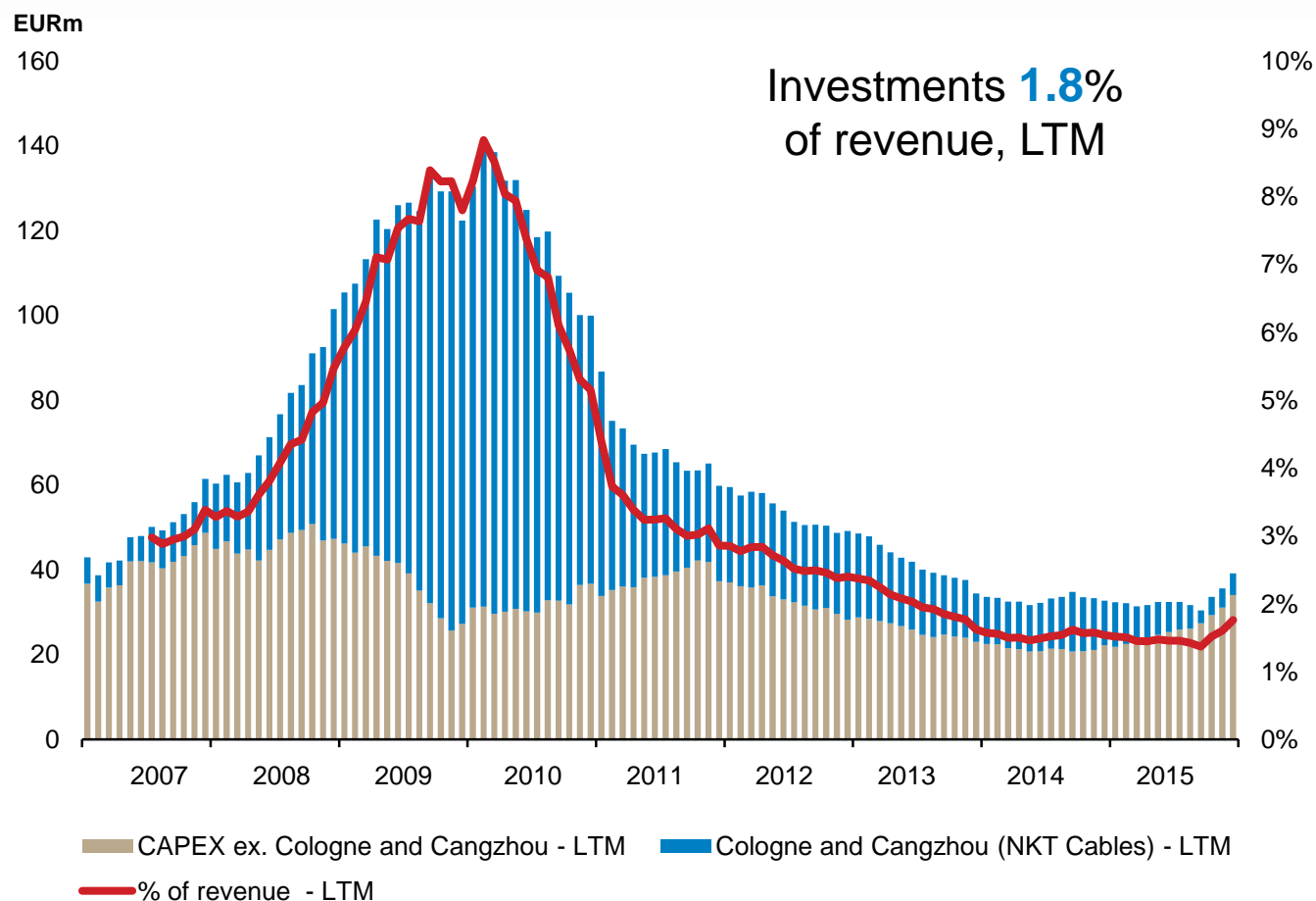
**Working capital decreased in 2015 by EUR -31.4m**

- Nilfisk EUR 13.7m
- NKT Cables EUR -42.5m
- NKT Photonics EUR -2.6m\*

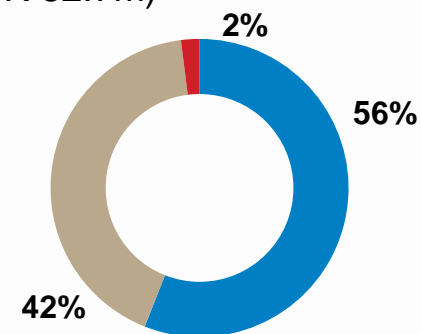
\* Including effects from other

# High historical Capex spending enabling low maintenance levels

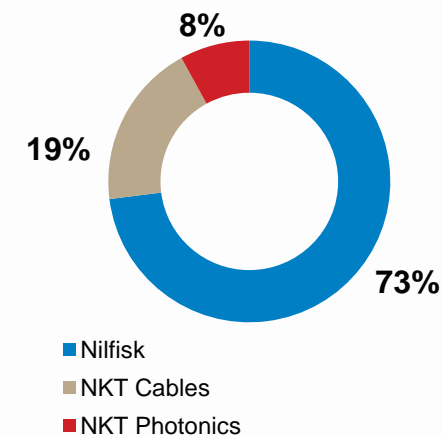
## Investments in Property, Plant & Equipment (gross, LTM)



## Investments, PPE 2015 EUR 39.1m (2014: EUR 32.7m)



## Investments, intangibles 2015 EUR 31.0m (2014: EUR 28.4m)

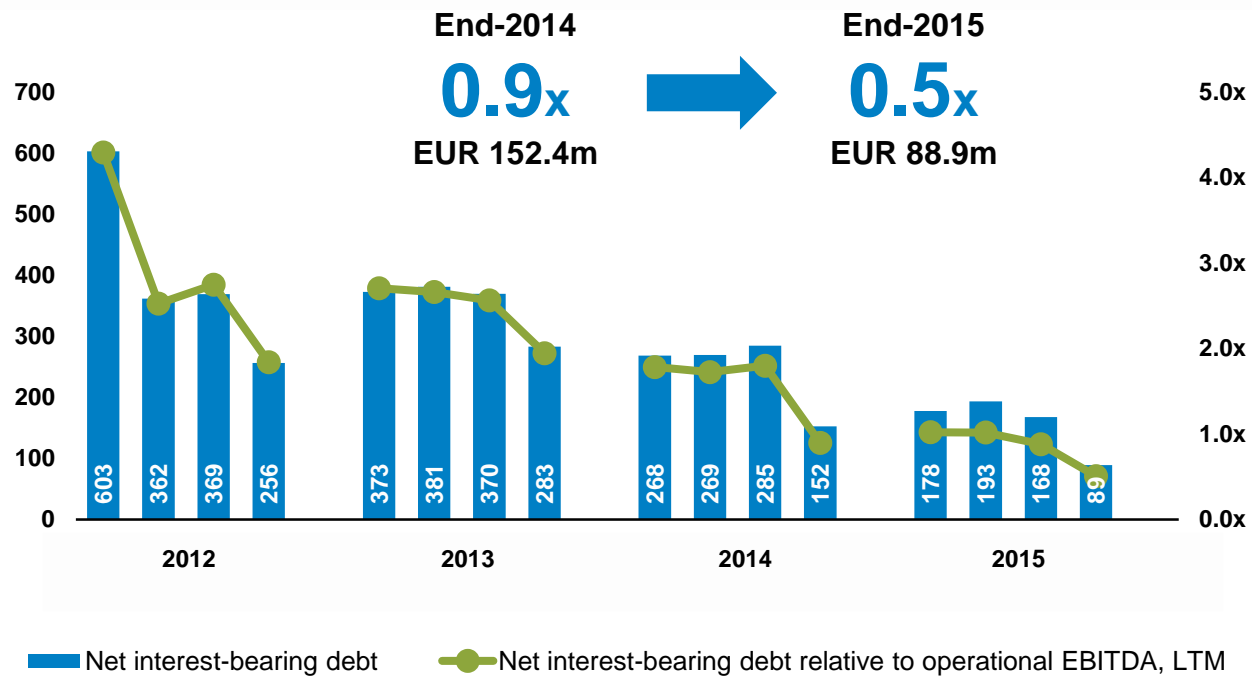




# Financial strength to fully support strategic agenda

## Net interest-bearing debt

EURm



Financial strength to drive strategic agenda with cash resources of EUR 604m

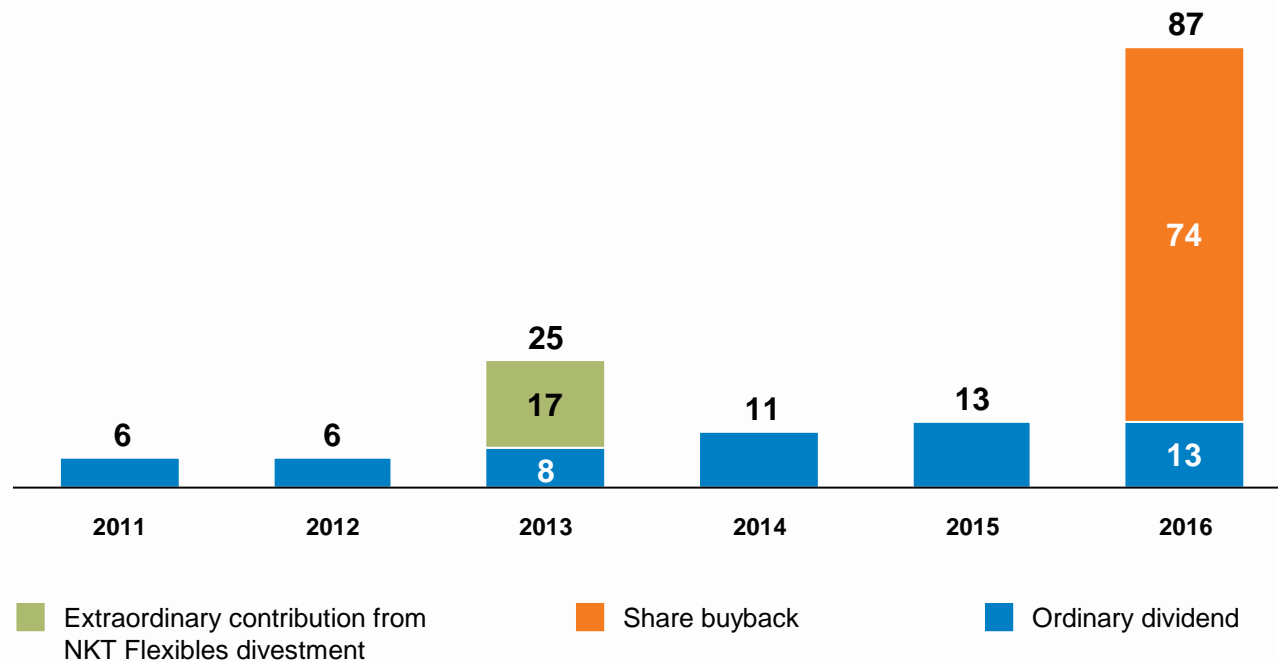
### Capital structure targets unchanged

- **Debt ratio** 2,5x operational EBITDA (End-2015: 0.5x)
- **Gearing ratio** max. 100% (End-2015: 11%)
- **Solvency ratio** above 30% (End-2015: 48%)

# Proposed distribution of EUR 87m to shareholders in 2016

## Distribution to shareholders

EURm



Initiation of share buyback programme, EUR 74m

Proposed dividend of DKK 4 per share, EUR 13m, ~34% payout ratio

Dividend policy of 33% payout ratio

Note: Payout years refer to preceding financial years  
Shareholder buyback programme to start 26 February 2016

# Agenda

Introduction to NKT

Highlights 2015

## **Business units**

- Nilfisk
- NKT Cables
- NKT Photonics

Outlook 2016

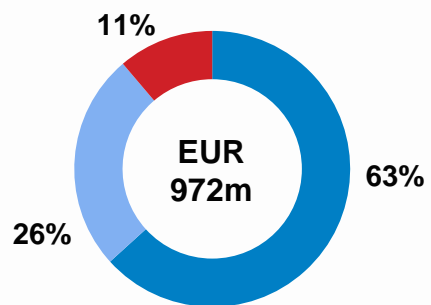
Questions & Answers

1906-2016  
**110**  
years  
of knowledge



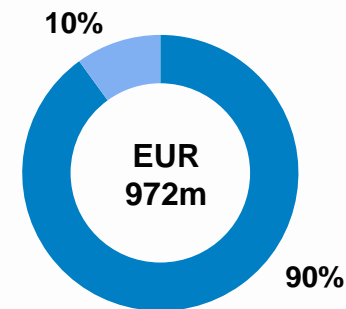
**Nilfisk**

# Nilfisk overview on geographies and segments



Sales by geography

- EMEA
- Americas
- APAC



Sales by customers

- Professional
- Consumer

# Floorcare and vacuums are strongholds in the industry's widest product range

## Floorcare incl. Outdoor

- Scrubbers and sweepers
- Outdoor



~44% of business

## Vacuum cleaners

- Commercial
- Industrial
- Consumer



~26% of business

## Pressure cleaners

- Professional
- Consumer



~18% of business

## Other

- Service and maintenance
- Parts, accessories and consumables
- Utensils
- Detergents



~12% of business



# Asset-light production setup through assembly-only

**US**  
~10% of global production



**Mexico**  
~10% of global production



**Hungary (2 sites)**  
~30% of global production



**China (2 sites)**  
~30% of global production



**Italy (2 sites)**  
~10% of global production

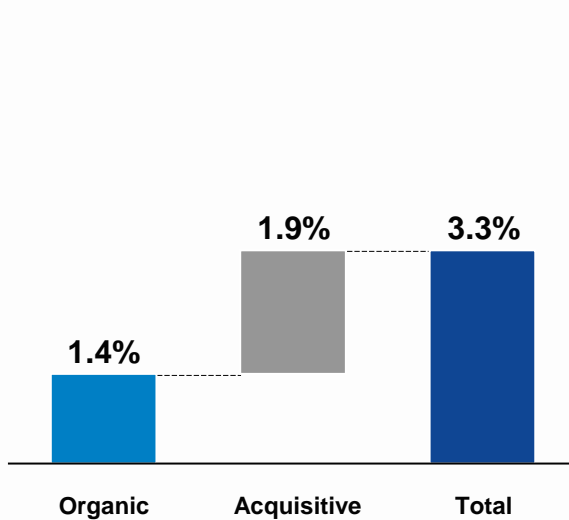


*Note: Remaining 10% of production at small sites*

# Growth targets defined as 2-3% above GDP growth

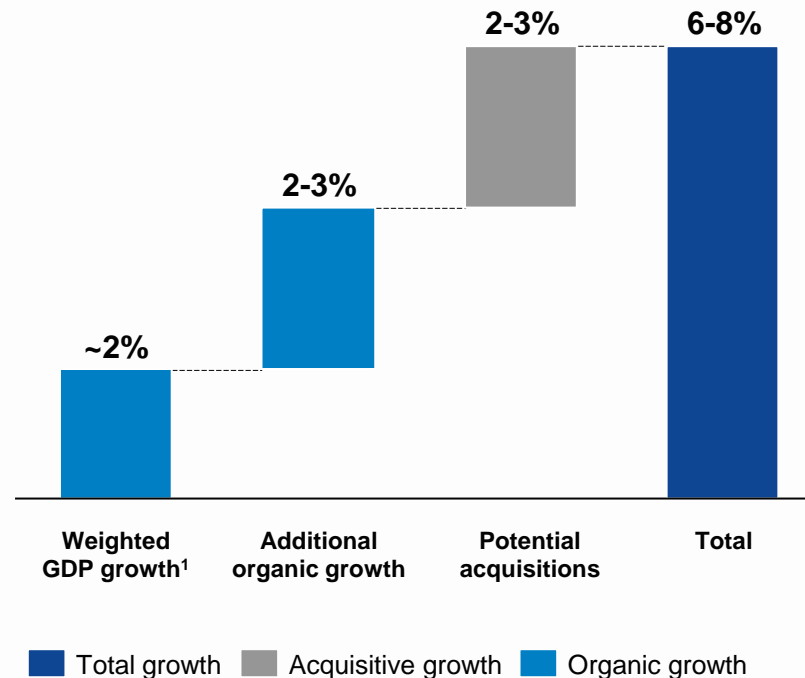
## Nilfisk, Historical annual growth

Growth 2007-2014, %



## Nilfisk, Expected annual growth

Growth target 2015-2018, %



- Nilfisk's annual total growth has historically been around 3%
- The target is to accelerate organic growth to **2-3% above GDP**
- Further upside in **potential acquisitions**

1. Weighted GDP growth adjusted for Nilfisk's country distribution  
Source: Internal Nilfisk data and IMF data



# Accelerate strategy rolled out in 2015



- Five acquisitions improving high-end position
- Viper introduced 200 new dealers globally to grow mid-market



- Commercial Excellence launched in 10 countries (60% of revenue)
- Investments in sales force (140 FTE) and systems



- 35 products launched incl. new Nilfisk GO-Line range
- Reduced time to market by 20-25% and platforms by 15%



- Consolidation of brands and reduced complexity
- Two global brands; Nilfisk for high-end and Viper for mid-market



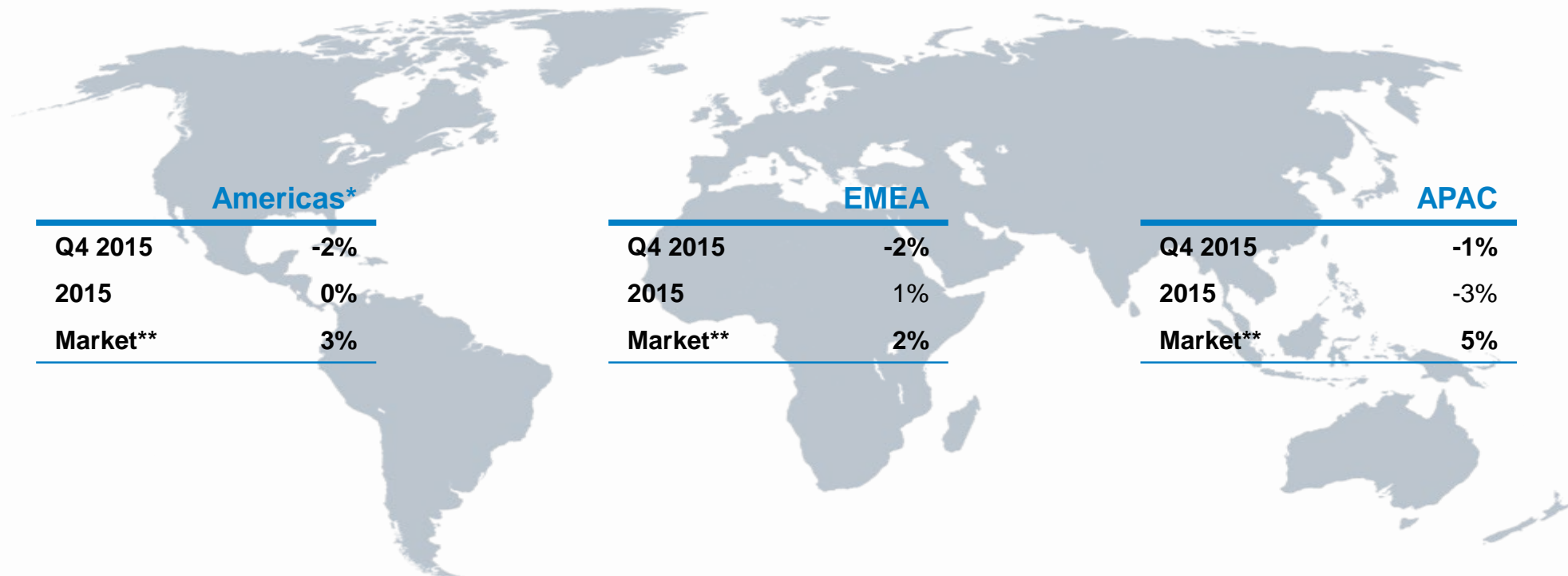
- New European and US set up in Q4 to ensure 2016 performance
- On-time delivery at all-time-high level
- Significant quality improvement, also reflected in customer feedback



# Nilfisk realised flat organic growth for 2015

## Positive growth in EMEA offset by APAC

Organic growth	2012				2013				2014				2015*			
- Quarterly (Y/Y)	4%	1%	-4%	1%	1%	4%	7%	1%	9%	4%	0%	9%	0%	0%	4%	-2%
- Annually	0%				3%				6%				0%			



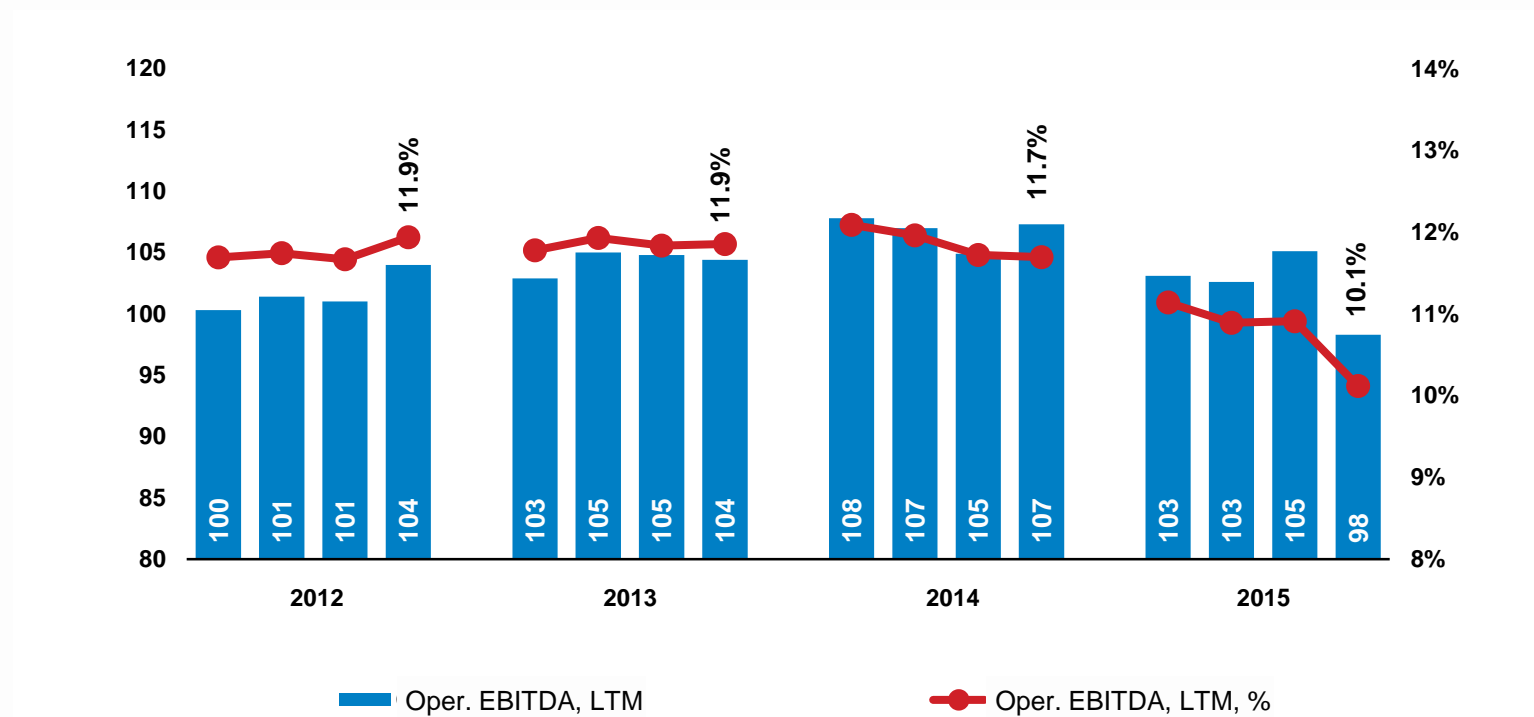
\* Adjusted for the impact of the divested floor sanding activities by 4%-points for the Americas for 2015

\*\* Market figures are internal estimates on annual market growth rates 2013-2016

# Operational EBITDA margin diluted by delayed impact from sales investments

## Operational EBITDA

EURm



**Oper. EBITDA margin, LTM,** reduced to **10.1%** due to lower organic growth, investment in sales, and distribution costs (2014: 11.7%)

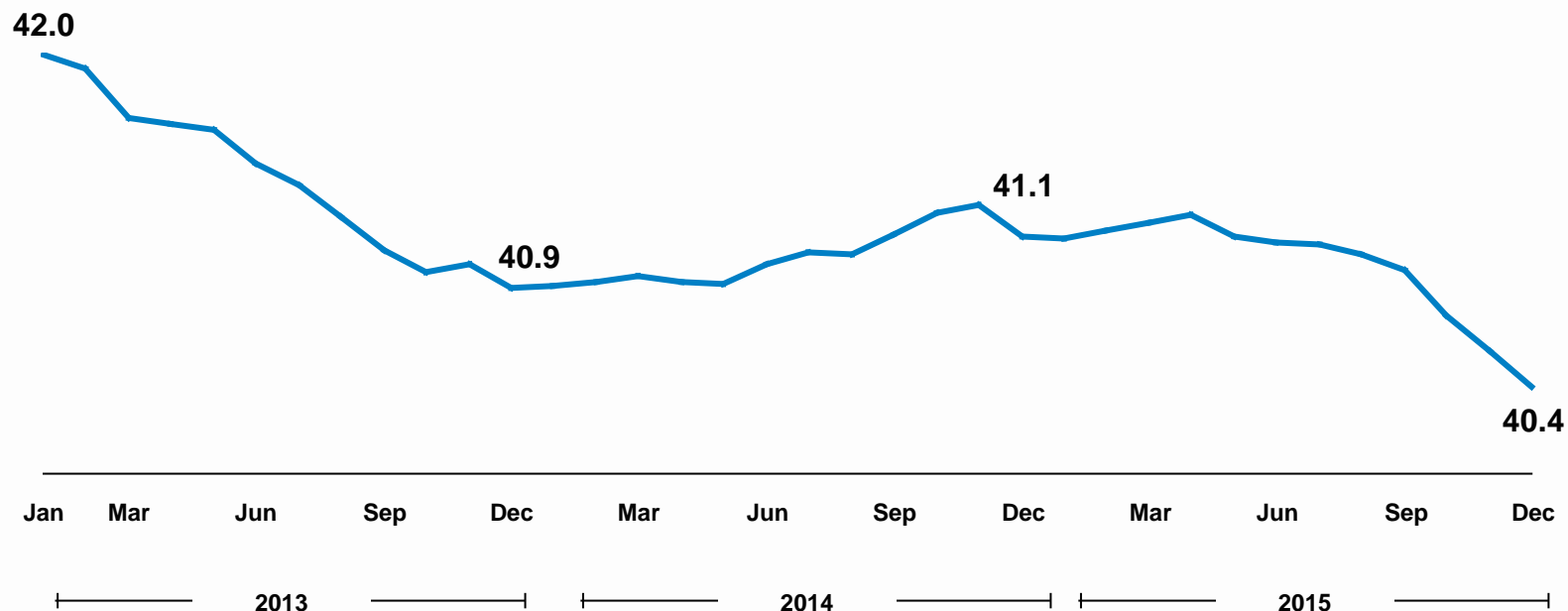
**Oper. EBITDA, LTM,** decreased to **EUR 98m** (2014: EUR 107m)

# Product mix and inflation on sourcing and salary decreased gross margin

## Gross margin development

## 2015 main effects

Gross margin, LTM, %



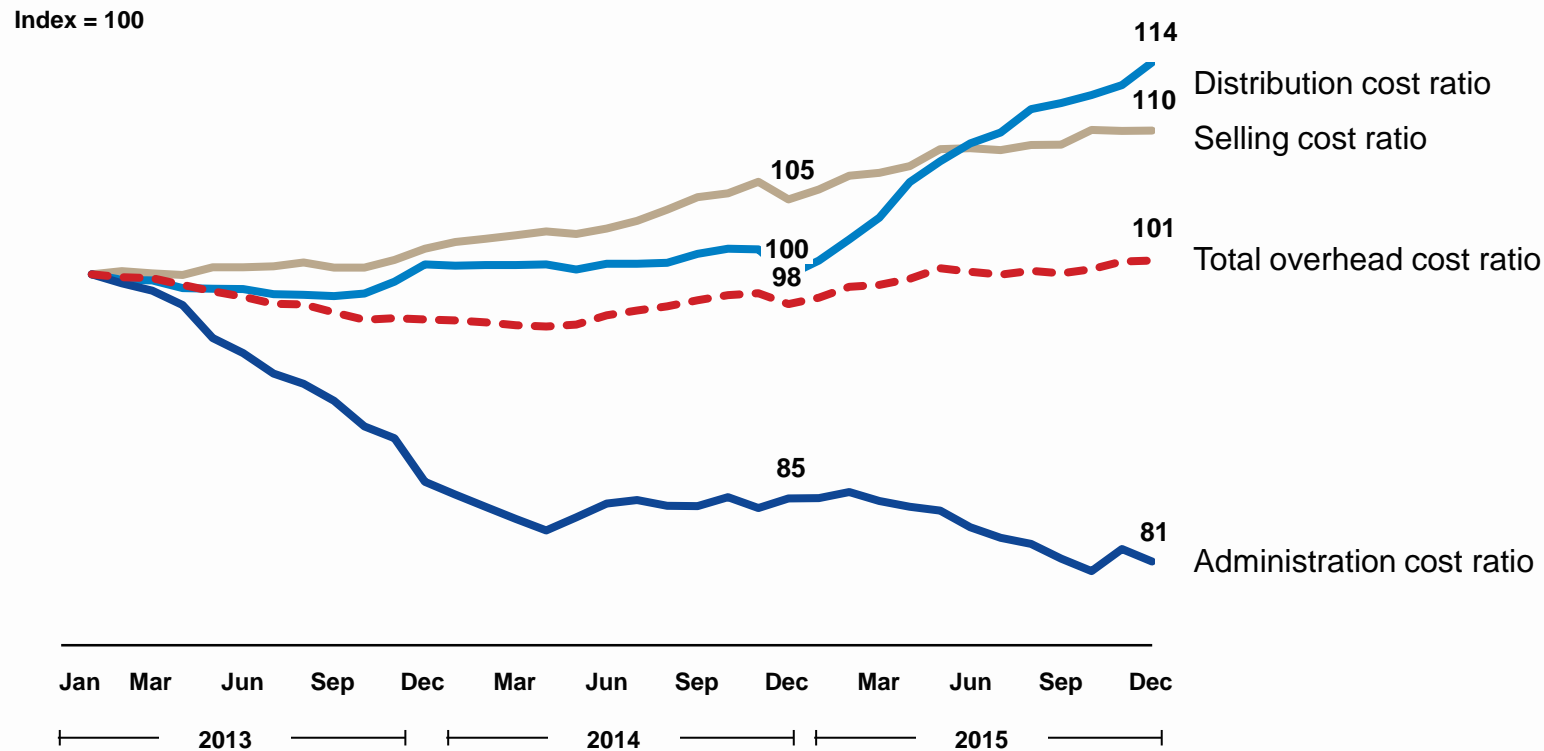
- Price increases
- Procurement initiatives



- Product mix
- Sourcing and salary inflation driven by FX effects

# Distribution cost ratio temporarily increased due to delivery issues

## Overhead cost ratio development\*



**Distribution cost increased in 2015 due to delivery issues**

**Selling cost ratio increased by investments in sales and service force**

**Admin costs ratio continues to be reduced due to strong focus on complexity reduction and efficiency improvements**

\* 12 mths. rolling costs in % of total net sales. Indexed to Jan 2013=100. Total includes product development (not displayed)

# 2016 Management agenda

ACCELERATE	PRIORITY	ACTIONS
<b>RESTORE GROWTH</b>	<b>Grow market share</b>	<ul style="list-style-type: none"> <li>• Strengthen high-end position and grow mid-market share</li> <li>• Drive consolidation proactively</li> </ul>
	<b>Strengthen front-end</b>	<ul style="list-style-type: none"> <li>• Finalise ComEx roll-out and leverage increased sales force</li> <li>• Improve CRM and service management</li> </ul>
	<b>Agile and commercial organisation</b>	<ul style="list-style-type: none"> <li>• Shared sales methodology via new global Sales Academy</li> <li>• New sales incentives</li> </ul>
<b>DRIVE INNOVATIVE OFFERINGS</b>	<b>Product development</b>	<ul style="list-style-type: none"> <li>• Improve time-to-market</li> <li>• Reduce complexity</li> </ul>
	<b>Building strong brands</b>	<ul style="list-style-type: none"> <li>• Launch “hero” campaigns</li> <li>• Strengthen main brands</li> </ul>
<b>IMPROVE SUPPLY CHAIN EFFICIENCY</b>	<b>Delivery</b>	<ul style="list-style-type: none"> <li>• Improve best-in-class delivery performance</li> <li>• Drive fast delivery of parts and accessories</li> </ul>
	<b>Efficiency</b>	<ul style="list-style-type: none"> <li>• Improve best-in-industry quality levels</li> <li>• Drive cost efficiency</li> </ul>

# Accelerate strategy launched in 2015 and execution to continue in 2016

## Financials

EURm	Q4		FY	
	2015	2014	2015	2014
<b>Revenue</b>	<b>246.8</b>	<b>238.5</b>	<b>971.5</b>	<b>917.6</b>
- Org. growth (Y/Y)	-2%	9%	0%	6%
Gross margin	38.6%	40.8%	40.4%	41.1%
Overhead cost ratio	-31.7%	-30.5%	-33.1%	-32.1%
<b>Oper. EBITDA</b>	<b>23.5</b>	<b>30.7</b>	<b>97.9</b>	<b>107.4</b>
Oper. EBITDA margin	9.5%	12.8%	10.1%	11.7%
RoCE, LTM	12.9%	17.6%	12.9%	17.6%
Capital employed	501.6	440.6	501.6	440.6
# FTEs, end of period	5,545	5,420	5,545	5,420

## Highlights and summary

- **Accelerate** - growth strategy launched in Q1
- **Nilfisk - new company name** and brand consolidation
- **Commercial Excellence roll-out** continues - Total revenue covered 60%. Goal 85%
- **Five acquisitions** completed and M&A agenda continues
- **35 products** launched

## Outlook 2016

- Organic growth **0 - 5%**
- Operational EBITDA margin **10 - 11%**

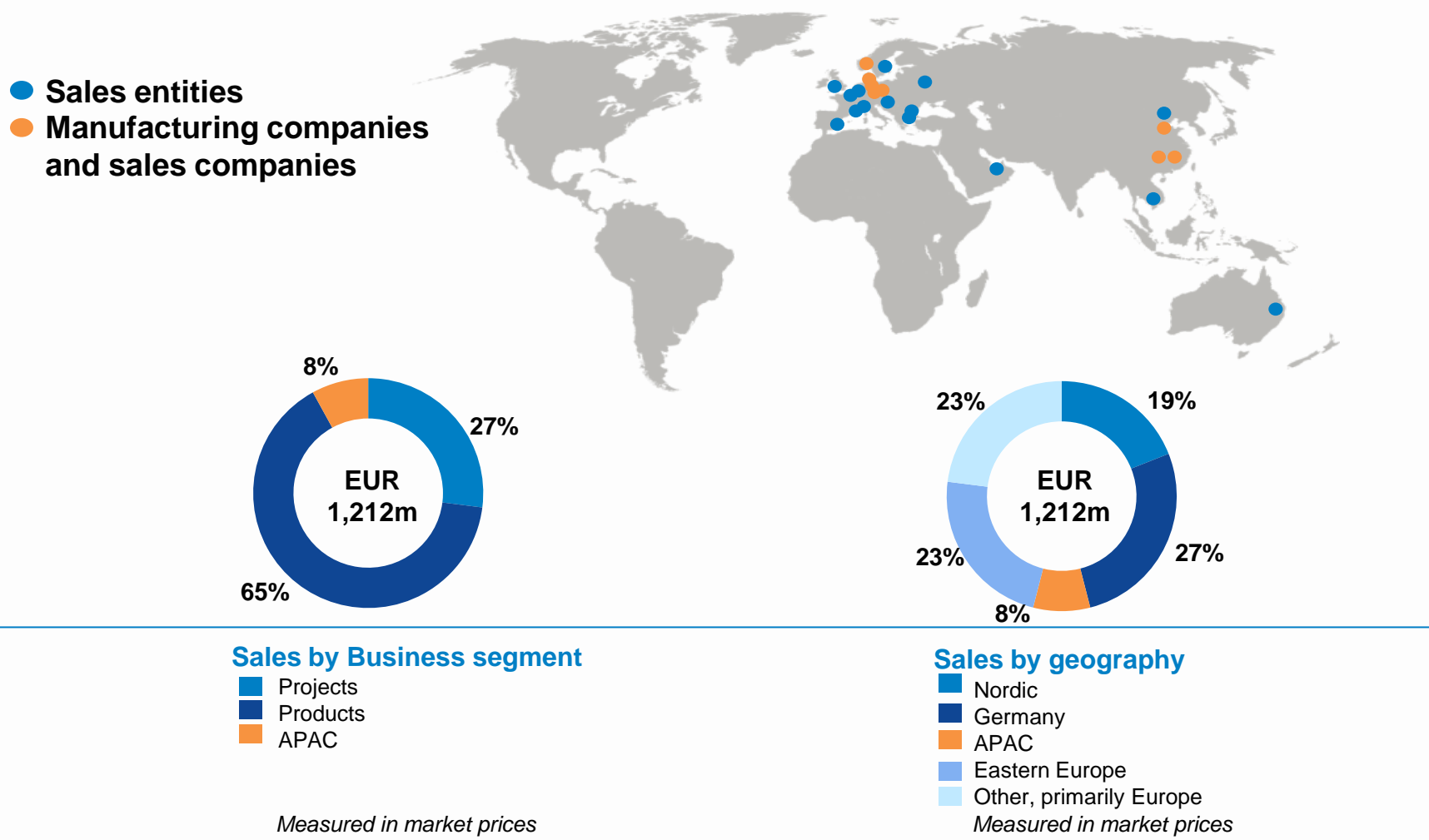




## NKT Cables

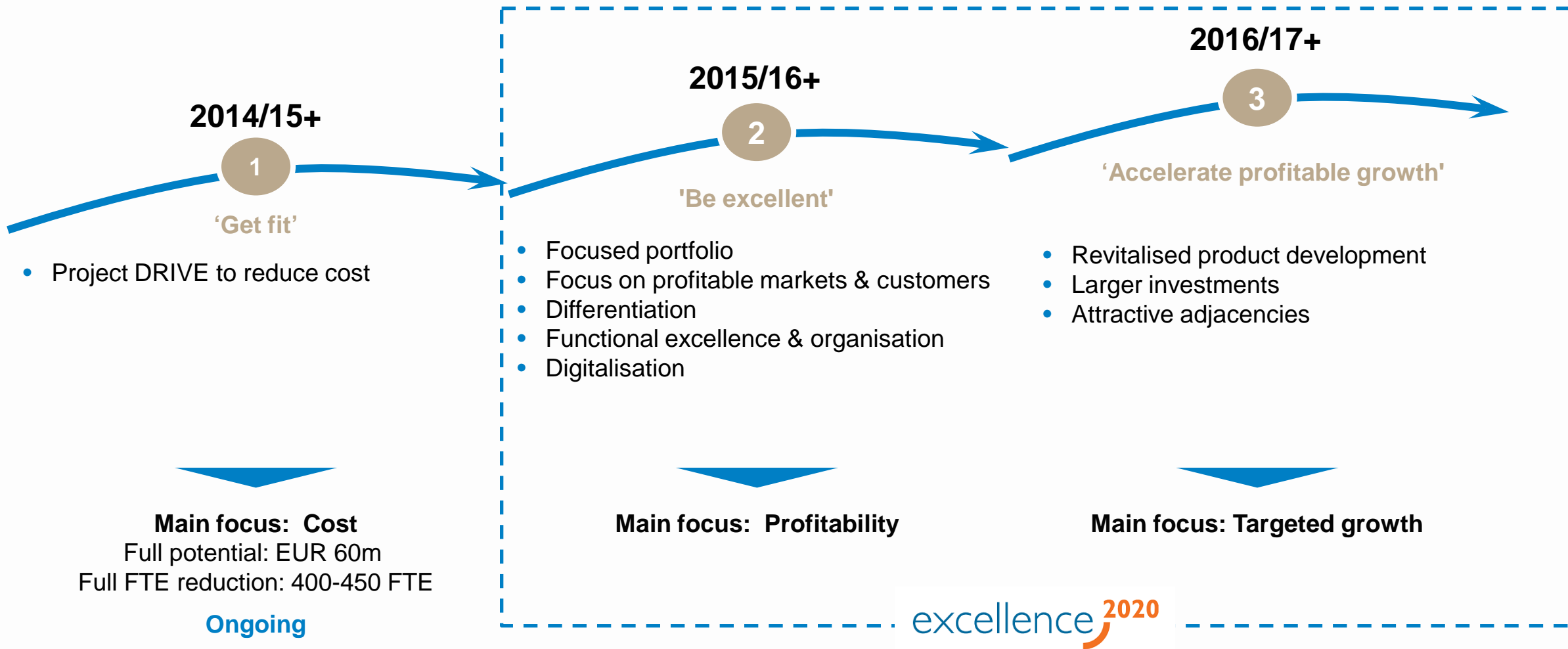


# NKT Cables overview on divisions and geographies



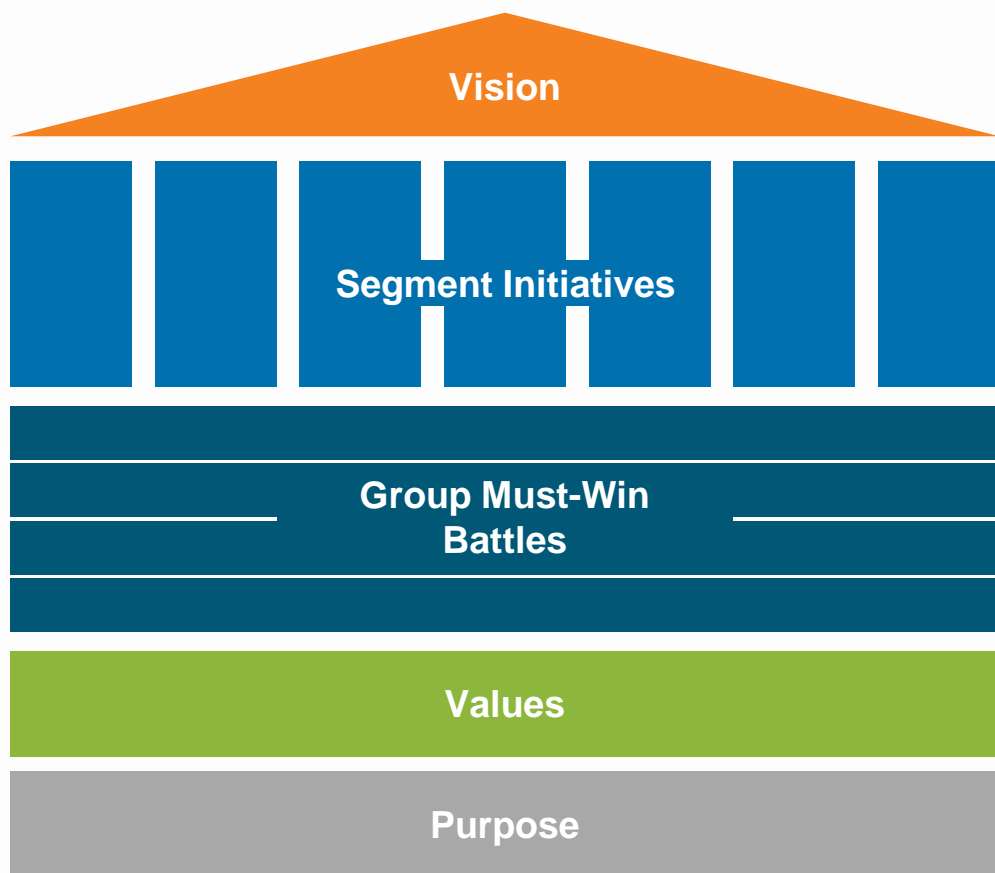
# Transformation started in 2013

## EXCELLENCE 2020 defines the next phases



# excellence<sup>2020</sup> strategy has a strong foundation

## NKT Cables Power House



## Strategy elements

- *"By driving 'excellence' we will be the best power cable company by 2020 in the eyes of our customers and our people"*
- **Develop and grow:** Offshore and Railway
- **Focus on profitability:** Building wire, Low voltage, Medium voltage, and Automotive
- **Turnaround:** High voltage onshore, Accessories, and APAC cables
- Safety, People & Organization
- Operational & Commercial Excellence
- Material & Product development
- Digitalisation
- Safety first, Commitment, Embrace and drive change, and Passion and determination
- *"Our passion brings power to life"*

## ROCE

2020: **>15%**

~ 6%

~ 4%

2015: **8.2%**

# 4% growth driven by strong performance in Projects and Products APAC with focus on profitability

Organic growth	2012				2013				2014				2015			
- Quarterly (Y/Y)	-13%	-4%	0%	0%	4%	10%	-2%	4%	6%	-11%	1%	-12%	16%	13%	-12%	2%
- Annually	-4%				4%				-5%				4%			

## Projects

Q4 2015	-1%
2015	15%

### Market

Offshore	
Onshore	

## Products

Q4 2015	11%
2015	5%

### Market

Nordics	
Central Europe	
Specialties	

## APAC

Q4 2015	-36%
2015	-37%

### Market

Railway	
Medium-/high-voltage	

# Highlights: Offshore with promising outlook

## Growth potential for Products continues



### Projects

- Two major offshore orders in 2015
- Stable onshore market

### Trends

- Promising offshore cable market
- High-voltage onshore market driven by changed energy sourcing
- High-voltage DC technology potential



### Products

- Central Europe delivered strong organic growth in 2015 including MV in Germany
- Nordics realised low organic growth

### Trends

- Low-voltage market growth is expected to be moderate driven by construction activity level
- Opportunities in European accessories and railway



### APAC

- Decreasing revenue in APAC due to unchanged difficult conditions and NKT Cables' focus on profitability

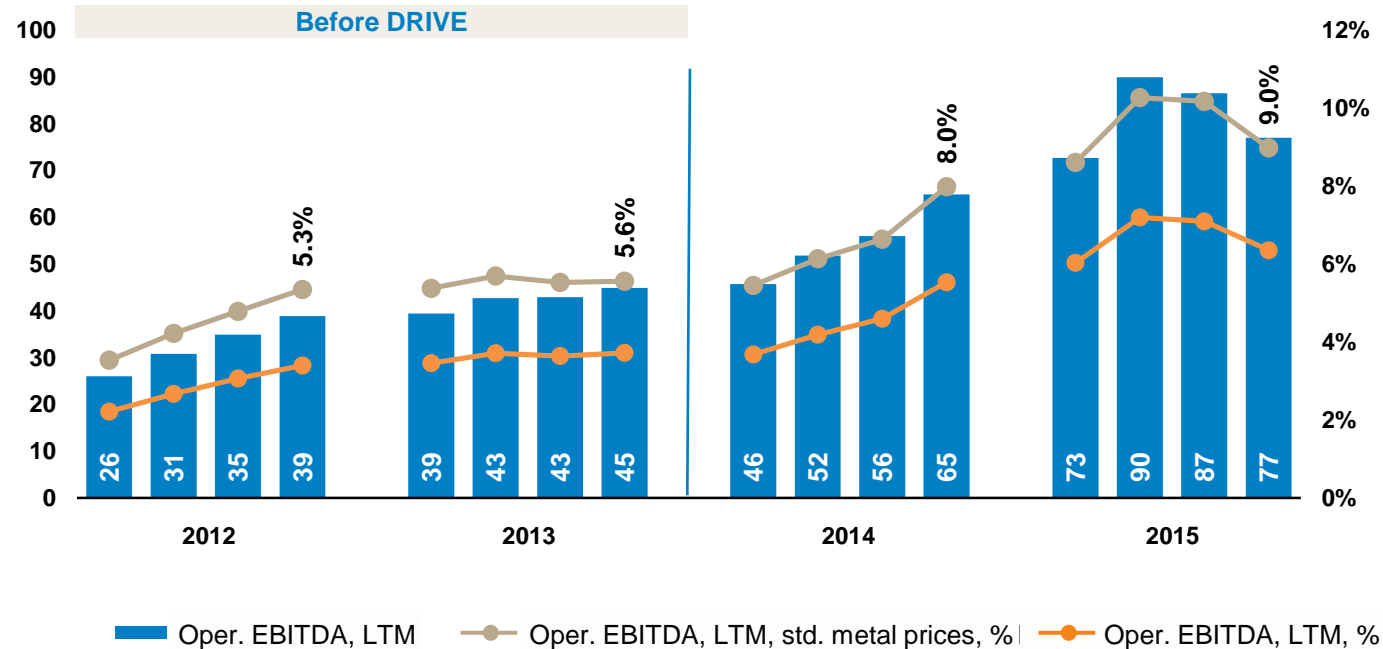
### Trends

- Growth driven by investments in electricity infrastructure

# Operational EBITDA positively impacted by DRIVE and Products

## Operational EBITDA

EURm



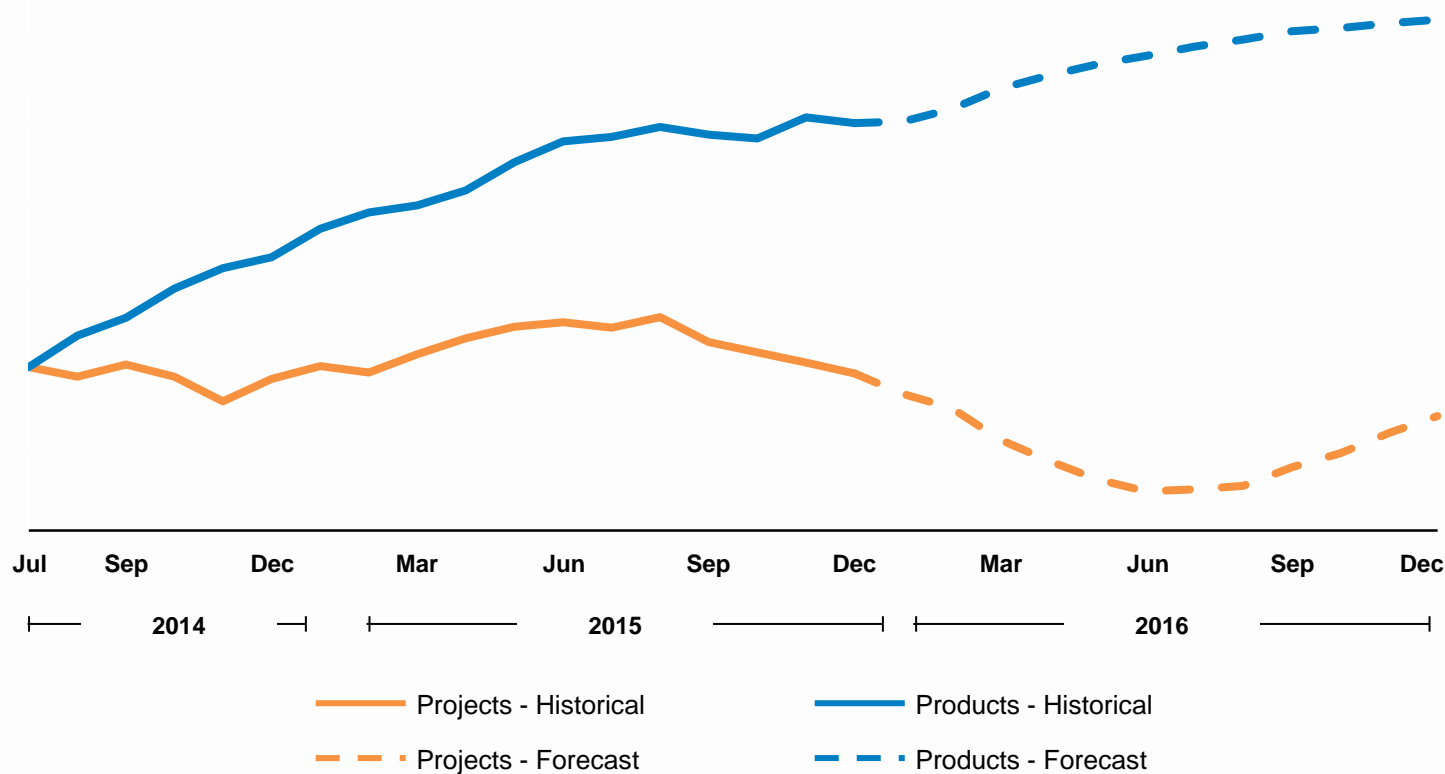
**Oper. EBITDA, LTM, EUR 77m, increase of EUR 12m (2014: EUR 65m) driven by Products and DRIVE**

**Oper. EBITDA margin, LTM, of 9.0% as expected (2014: 8.0%). Decrease against Q3 due to lower profitability of Race Bank project as guided**

# Products' improved profitability expected to offset decline in Projects in 2016

## Business unit profitability development\*

Index = 100



**Products showed strong improvement in 2014 and 2015 and is expected to improve profitability further in 2016**

**Projects stable profitability in 2015 due to Gemini project**

**Projects lower profitability in 2016 due to Race Bank project**

\* LTM rolling Oper. EBITDA per unit indexed to July 2014 =100. APAC excluded

# DRIVE run-rate of EUR 60m successfully achieved

	Cost improvements	FTE reduction	One-off costs	Capex
Q4 2015 realised	EUR 12.8m	36 FTE	EUR 9.8m	EUR 0.1m
Full-year 2015	EUR 54.2m	110 FTE	EUR 23.2m	EUR 0.9m
Project to date	EUR 60.5m (run-rate)	381 FTE	EUR 50.1m	EUR 1.9m
Full potential (from 2017)	EUR ~60m	400-450 FTE	EUR ~50m	EUR ~6.5m



# 2016 Management agenda

EXCELLENCE 2020	PRIORITY	ACTIONS
SEGMENT INITIATIVES	<b>Develop &amp; grow</b>	<ul style="list-style-type: none"> <li>• Secure new offshore projects</li> <li>• Accelerate in-house DC development</li> <li>• Execute on newly gained railway orders</li> </ul>
	<b>Focus on profitability</b>	<ul style="list-style-type: none"> <li>• Secure key frame contacts in medium-voltage segment</li> <li>• Introduce Halogen-free flame retardant (HFFR) cables</li> <li>• Start in-house compounding</li> </ul>
	<b>Turnaround</b>	<ul style="list-style-type: none"> <li>• Increase share of projects in attractive onshore high-voltage segments</li> <li>• Break even in APAC business, improve cash flow</li> </ul>
MUST-WIN BATTLES	<b>Safety, people and organisation</b>	<ul style="list-style-type: none"> <li>• Define and implement adjusted operating model</li> <li>• Increase safety performance</li> <li>• Improve employee engagement</li> </ul>
	<b>Operational and Commercial Excellence</b>	<ul style="list-style-type: none"> <li>• Lean operations</li> <li>• Strengthen Operational and Commercial Excellence functions</li> <li>• Continue roll-out of Pricing Excellence</li> </ul>
	<b>Digitalisation</b>	<ul style="list-style-type: none"> <li>• Implement integrated IT-platform</li> </ul>

# Transformation of NKT Cables continues with EXCELLENCE 2020

## Financials

EURm	Q4		FY	
	2015	2014	2015	2014
Revenue	282.0	289.4	1,211.9	1,173.0
<b>Revenue, std. metal prices</b>	<b>210.5</b>	<b>203.2</b>	<b>857.5</b>	<b>812.8</b>
- Org. growth (Y/Y)	2%	-12%	4%	-5%
<b>Oper. EBITDA</b>	<b>15.2</b>	<b>24.9</b>	<b>77.0</b>	<b>65.0</b>
Oper. EBITDA margin, std. metal prices	7.2%	12.2%	9.0%	8.0%
RoCE, LTM	8.2%	4.2%	8.2%	4.2%
Capital employed	381.3	491.5	381.3	491.5
# FTEs, end of period	3,208	3,211	3,208	3,211

## Highlights and summary

- Launch of **EXCELLENCE 2020 strategy**
- **DRIVE** efficiency improvement programme reached EUR 60m annual savings target (run rate)
- **Two offshore projects** won
- **Turnaround of APAC and high-voltage onshore** businesses initiated
- Strengthened **Group Management**

## Outlook 2016

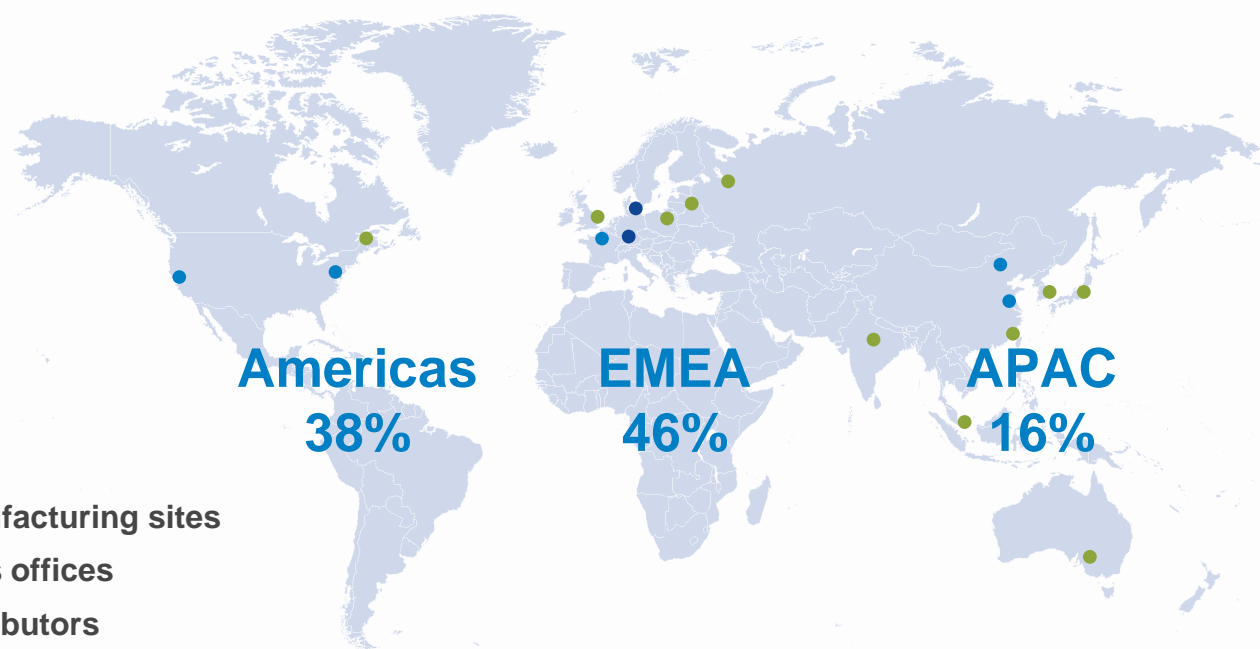
- Organic growth ~ **neg. 5%**
- Operational EBITDA margin\* **8 - 9%**

\* std. metal prices



**NKT Photonics**

# NKT Photonics operates as one management entity with world-wide reach



- Manufacturing sites
- Sales offices
- Distributors

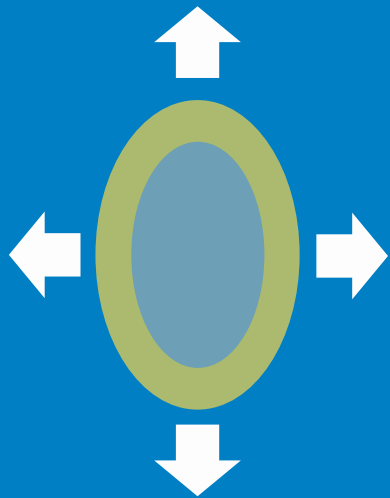
Integration across sales, marketing and engineering. Further synergies in 2016

Annual EUR 400k cost synergies expected with possible upside

# Financial aspirations 2015-2018

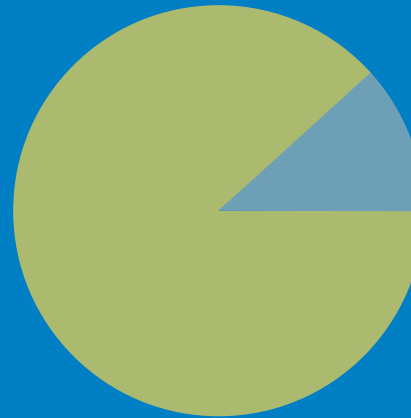
## Growth

>10% annual organic growth  
+ Acquisitive growth



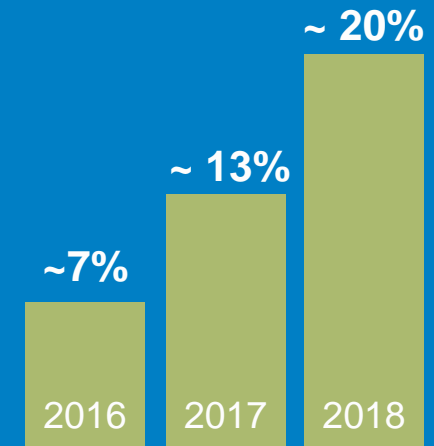
## EBIT %

~15% in 2018



## RoCE %

~6%-points per year realising  
~20% in 2018



# NKT Photonics' products focus on 3 distinct segments

## Imaging & Metrology



## Sensing & Energy



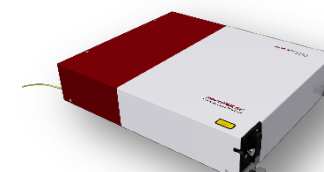
## Material Processing



**SuperK**  
White light laser  
Light source for  
imaging



**Lios LHD**  
Linear Heat Detection  
System  
Structural monitoring



**aeroPULSE**  
Ultrafast pulsed laser  
Material micro-  
processing



**SuperK OCT**  
High resolution OCT<sup>1</sup>  
Imaging system



**Koheras**  
Low noise lasers  
Light source for  
sensing

1. OCT: Optical Coherence Tomography, non-invasive medical diagnostics

# Growth expected across all segments

## Imaging & Metrology



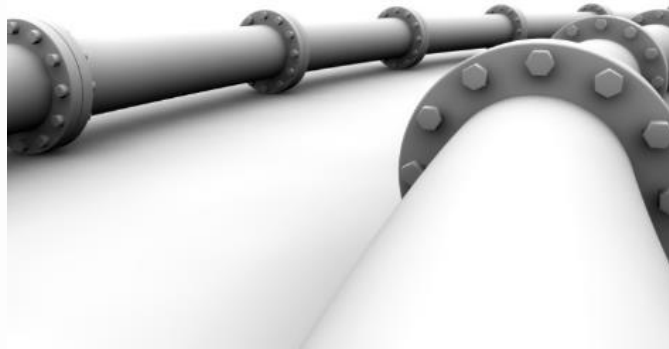
### Focus growth area

- Strong 2015 revenue growth, flat Q4 but good order intake
  - Leica Microsystems signed a 14-month supply contract for significant numbers of SuperK™ lasers in Q4

NKT Photonics  
2015 revenue split

~45%

## Sensing & Energy



### Established area

- Robust Q4 pipeline security market
  - Very strong Q4 sales

~42%

## Material Processing



### New growth area

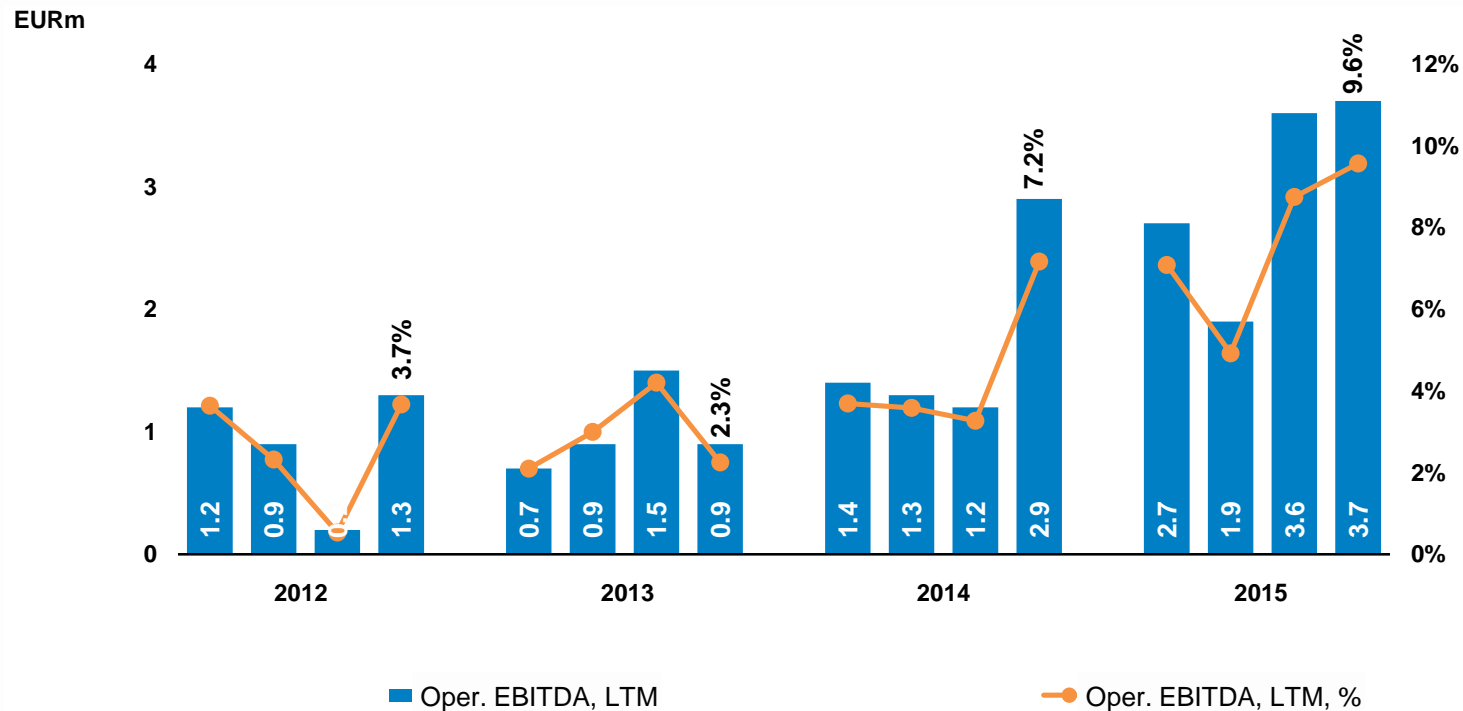
- Fibers and modules for ultrafast lasers at record high sales levels

~13%



# Operational EBITDA margin increased to 9.6%

## Operational EBITDA



**Oper. EBITDA margin, LTM, 9.6%**, increase of 2.4%-points continuing NKT Photonics' strong trend

**Oper. EBITDA of EUR 3.7m**, a increase of EUR 0.8m

# 2016 Management agenda

DRIVER	PRIORITY	ACTIONS
GAIN COMMERCIAL SCALE	<b>Focus on core business</b>	<ul style="list-style-type: none"><li>• Integrate Lios Technology business into NKT Photonics</li><li>• Realise sales and R&amp;D synergies</li></ul>
	<b>Secure profitable growth</b>	<ul style="list-style-type: none"><li>• Increase number of long-term customer contracts</li><li>• Actively pursue partnerships</li><li>• Actively pursue M&amp;A opportunities</li></ul>
	<b>Production</b>	<ul style="list-style-type: none"><li>• Lean manufacturing</li><li>• Improve time-to-market on new product introduction</li></ul>

# Significant organic growth in Q4 of 22% driving operational EBITDA increase

## Financials

EURm	Q4		FY	
	2015	2014	2015	2014
<b>Revenue</b>	<b>12.7*</b>	<b>12.6</b>	<b>40.6</b>	<b>39.1</b>
- Org. growth (Y/Y)	22%*	5%	9%	9%
<b>Operational EBITDA</b>	<b>3.9*</b>	<b>2.8</b>	<b>3.7</b>	<b>2.9</b>
Capital employed	19.2	26.8	19.2	26.8
# FTEs, end of period	174	209	174	209

\*Continuing business not including Fiber Processing

## Organic growth - based on new structure

	Q4 2015	2015
Imaging & Metrology	1%	12%
Sensing & Energy	58%	10%
Material Processing	7%	17%
<b>Total</b>	<b>22%</b>	<b>11%</b>

## Highlights

- **Good growth in all segments** (11% on continuing business)
- **22% growth in Q4** driven by Sensing & Energy
- **New CEO took office** in July
- **Significant OEM customer contracts** signed
- **Redefined business strategy** aimed at growth and commercialization
- **Fiber Processing** operations divested 1 September 2015

## Outlook 2016

- Organic growth ~ 10%
- Operational EBITDA margin 12 - 14%

# Agenda

Introduction to NKT

Highlights 2015

Business units

- Nilfisk
- NKT Cables
- NKT Photonics

**Outlook 2016**

Questions & Answers

# Outlook 2016

## Consolidated flat organic growth

<b>Nilfisk</b>	<b>0 - 5%</b>
<b>NKT Cables</b>	<b>~ neg. 5%</b>
<b>NKT Photonics</b>	<b>~ 10%</b>

## Operational EBITDA margin \* on par with 2015 (9.4%)

<b>Nilfisk</b>	<b>10 - 11%</b>
<b>NKT Cables</b>	<b>8 - 9%*</b>
<b>NKT Photonics</b>	<b>12 - 14%</b>

### **NKT Cables**

- Potential effects of quality issues related to a raw material supplier not included in outlook
- One-off costs of EUR 10m related to EXCELLENCE 2020 restructuring initiatives expected

\* Std. metal prices

# Agenda

Introduction to NKT

Highlights 2015

Business units

- Nilfisk
- NKT Cables
- NKT Photonics

Outlook 2016

**Questions & Answers**

# Financial calendar

## 2016

31 March	Annual General Meeting
12 May	Interim Report, Q1
18 August	Interim Report, Q2
11 November	Interim Report, Q3

## 2017

1 March	2016 Annual Report
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For list of Investor Relations events, go to [www.nkt.dk](http://www.nkt.dk)